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# L. R. B. & M. JOURNAL

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## "A Bush-Leaguer from Baltimore"\*

BY CARROLL V. BELKNAP

"The bigger the business, the bigger the obligation."

Thus, in two phrases, Wesley M. Oler, president of the American Ice Company, states his conception of the philosophy of big business.

Wesley M. Oler is America's biggest ice man—literally and metaphorically the biggest. As chief of the American Ice Company, with its branches in more than a half-dozen of the most important cities along the Atlantic Coast, he heads the largest ice business in the world.

So, when he talks about big business his words carry the weight of his own position; his opinion is expert opinion. Behind it is the background of his own career.

An interesting career, his—not spectacular, not particularly dramatic, not swiftly climatic, but interesting, nevertheless, and significant. Specifically, it is the career of a successful dealer in ice. Actually, practically, and by implication, it is the career of a typical American business man in an era of changing commercial standards.

All talk of "service" and of "obligation to the public" lacks, nowadays, the merit of novelty. Questions of business ethics, indeed, have come to occupy a big place in the thought of business men. Not so, however, a quarter of a century ago. Standards have changed. How, and why? The answer lies in the stories of a few leaders, men who saw the need of a change and helped to bring it to pass.

"Oler?" said the head of a competing company, a few days ago—and if you want real information about a business

man, go to his competitors—"Well, there's one outstanding thing you've got to say about him. He's the man that cleaned up the ice business."

Nineteen years ago Wesley M. Oler came to New York to take charge of a business that was sick, feeble, hopeless. It had been poisoned by a misconceived policy of finance. It had been burdened with inefficiency. It had been wrecked by bad commercial ethics. Today that business, successful, sound, efficient, stands at the head of an industry. The sick business has become well. And, far more important, in the opinion of its chief, it has become reputable. It is respected.

How was all this improvement achieved? The question is obvious. Ask it of Mr. Oler, however, and you receive only a modest reply.

"I don't know," he says. "Times have changed, I suppose. We have found a different conception of the duty of business. But I had always held rather strong convictions about the responsibility of any business, both to its customers and its competitors; and when I came to New York I tried to put those convictions into practice."

Wesley M. Oler entered the ice business at sixteen. That is, he entered it more or less formally at that age. As a matter of fact, as he says, he was "born into the ice business," for his father, back in the last century, was an ice dealer in Baltimore.

In those early days in Baltimore manufactured ice was unknown. Nature supplied the ice. But Nature was inefficient.

\* Reprinted from *Business*, a magazine published by the Burroughs Adding Machine Company.

Often she was even careless. The ice was thin, for Baltimore is too far south for sharp winters. Sometimes it was spongy and muddy. Nevertheless, it was ice. As soon as it was thick enough to support the weight of a man's body, it was harvested, broken into small fragments, and stored underground. When summer came the ice dealer, digging out his ice and chipping it up with pick and shovel, sold it not by the pound or the hundredweight, but by the peck and the bushel.

Those early and primitive methods passed. The ice dealers of Baltimore began to harvest their ice from the Susquehanna River, cutting it in large blocks and storing it above ground in frame houses. Still, however, Nature continued to be careless. Sometimes, in mild winters, the Susquehanna failed to produce ice. For its ice supply Baltimore turned to Boston. Ice harvested from the lakes around Boston and shipped down the coast in barges supplied the summer needs of Baltimore. Then, in 1870, came a great ice failure all along the coast, and Maine entered the business. Eventually the southern ice men, acquiring large interests in Maine, relied upon the rivers of Maine for nearly all their ice.

It was during this period of the ice business that Oler entered. He was sixteen. He climbed upon a stool in his father's office and began to keep books.

"I didn't like it," he says, reminiscently; "I hated the confinement. But it was the best experience I ever had. It taught me to analyze. It taught me the value and the meaning of figures."

Soon he left the office. He went into the outside work of the company. A little later he went to Maine to superintend the harvesting of the ice crop. A slow story of hard work, all this, but

he was learning the business, learning methods, learning men.

Meanwhile, down in New Orleans, there had appeared a new device, the "ice machine." A joke, the old-timers called it. But it worked. It widened its territory, until it had taken all the ice business as far north as Richmond. In 1890, another year of far-reaching ice failure, Oler in Baltimore decided to start manufacturing.

By this time his company had consolidated with another firm, under the name of the Cochran-Oler Ice Company, of which he was at first manager, then vice-president, and finally president. In 1896, the Knickerbocker Ice Company was organized, with branches in New York, Philadelphia, Baltimore and Washington. The Cochran-Oler Company sold out to the new organization and Oler became manager of the Baltimore branch. Later on, he took charge, also of the branch in Washington.

So runs the story to the opening of the new century. In 1900, Oler was forty-four years old. He had been in the ice business for nearly thirty years. He had succeeded slowly and steadily. He had learned his business. He had taken a share in other enterprises in his home town of Baltimore; a bank, a newspaper, had engaged a share of his attention. He was, in a word, successful. But his success had been, comparatively, moderate.

But with the new century events began to run swiftly. The era of speculative finance had come to its height. Huge combinations were forming. Big men were seeking dominance and power. The Knickerbocker Company merged with the American Ice Company. Oler, becoming a director of the new organization, journeyed to New York for the first meeting of the board.

And here in the story enter Oler's "convictions."

He was, as he tells the story, a little diffident as he took his seat at that meeting. He listened. He heard the president of the company discuss the question of policy. The Hudson River ice had failed. Oler, sitting quietly in his chair, heard the announcement that the New York branch intended to profit by that failure, intended to boost the price from twenty-five cents a hundred to sixty.

"And now," asked the president, turning to the other branch managers, "what are you going to do?"

They told him. They, too, were going to raise the price. Why not? It was the customary procedure. Raise the price; make the public pay—that was standard practice when the ice crop failed.

Came Mr. Oler's turn to speak. He answered hesitantly.

"It may be presumptuous," he said, "for a man from Baltimore to come up here and differ with you, but I see no necessity for raising the price."

Grave heresy, that. But he continued, confident of his position: "If this big company has been formed for the purpose of raising prices it will fail. Sooner or later it will fail. The only justification for forming big consolidations, like this one, is to give the public better service and lower prices."

Today that statement would arouse little excitement. It would be almost commonplace. And it would be understood. But in those days the idea of service was new. Almost, it didn't exist. The meeting exploded.

But Oler held his ground. He returned to Baltimore, kept his prices down, and proceeded with his business. In New York, meanwhile, the prices went up.

Call the situation, if you wish, a test. A test of two opposing conceptions of

business. It lasted four years. And then, suddenly, the board of directors summoned Mr. Oler to New York.

The American Ice Company, they told him frankly, was at the edge of failure. Of all its branches, the only ones that were succeeding were Oler's, Washington and Baltimore. Though Oler had been selling ice at a lower price, he had been earning a bigger profit per ton than any other department had attained. In fact, the directors said, the company was a wreck—except for its branches in Washington and Baltimore. Would Oler come to New York, assume the presidency of the company, and put the business on its feet?

Oler came, reluctantly, for he disliked to leave his home in Baltimore. But he came. He withdrew from his business connections in Baltimore, moved to New York, and settled himself to the task of rebuilding a wrecked business. The magnitude of the job was appalling.

"Here," he says, growing soberly earnest as he speaks, "was the New York branch of the company, the most important department, doing 60 per cent of our total business. And it was bankrupt morally, ethically, physically and financially. Its methods were obsolete. Its ethics were rotten. The ice men of New York had no conception of ethics in business. Business, for them, was only warfare. They were not merchants. They were only unscrupulous fighters. They made war on each other and on the public. They measured success by their triumphs over their competitors. Four years out of every five, while the ice harvest was good, they fought each other by unfair tactics, by cutting prices until the profits vanished, by all kinds of commercial trickery. Every fifth year, on the average, the ice failed, and then they shot the price sky-high and gouged the public to make up for the losses of the

four other years. The ice business was a stench in the public nostrils."

Those are strong words, but as Mr. Oler speaks them they seem not so much an indictment as a mere statement of fact. He sits quietly at his desk, turning to look out over the roofs of New York, his face calm, his words cool and precise. Only the quiet, unemphatic force of the words themselves shows his earnestness.

Then, suddenly, he smiles with whimsical good-humor.

"Well, there I was," he said, "a bush-leaguer from Baltimore. And that was my job."

He set about his task in a fashion characteristically straightforward. He called a meeting of his subordinates, his New York staff.

"Here," he said, "is a broken-down business. What's wrong with it?"

The answers lacked substance. Every department head insisted that his own department was in good condition, that the fault lay in the other departments. But on one point they all agreed—the price was too low for profit.

And then Oler stated the principle that summed up all he had learned in thirty-three years of selling ice.

"Profits," he said, "must come, not from high prices, but from low production costs and large sales. The price is not too low; it's too high. You're not selling enough ice to meet the overhead. You're not keeping production costs low enough. The only way out, for us, is to cut production costs, reduce the price, and sell more ice. And that means giving better service to the public."

That was his program. He settled into the harness. He studied his job. He analyzed figures. That early training at a bookkeeper's desk was beginning to pay dividends. Studying the figures, he found waste and inefficiency. Too many employees, too much overhead,

too many wagons, too much duplication of effort. He acted. In his first year, without injuring the service, he carved off the payroll a quarter of a million dollars.

So far, so good. But there was more to do. He found that in its methods the company was out of date. Its machinery was obsolete. The wastage of ice was high. Sanitary conditions were bad. All these faults had to be remedied. He brought machinery from Maine, introduced modern methods in harvesting the Hudson River ice, eliminated waste wherever he could. The day of natural ice, he began to insist, was passing. Natural ice, uncertain, unreliable, had wrecked the ice business. Artificial ice, scientifically manufactured, cheaply produced, with a standard price that would not fluctuate with the weather—that, he said, was the answer to the problem.

Step by step Oler rebuilt the business. Five years after he came to New York the American Ice Company, for the first time in its history, stood on a sound financial basis. But Oler was looking ahead to the day when all ice would be not harvested but manufactured. Instead of paying dividends, he turned the profits back into the business. Not until 1917 did the day of dividends arrive. By that time he had revolutionized the business. Ninety-five per cent of its ice, today, is artificial. The price does not vary from year to year. The public is protected against the old danger of sudden shifts in prices. Cutthroat warfare has ceased. The ice business is no longer a form of piracy.

The American Ice Company, organized originally as a financial scheme, inherited a legacy of legal troubles. For five years Oler faced one prosecution after another, not for his own misdeeds, but for those of his predecessors. He shouldered that burden, carried it



through long years of "trying to keep out of the sheriff's hands"—the phrase is his—and came through. He kept at his work, meanwhile, of remodelling his business.

As he worked, he remodelled, also, the ethics of an industry. Feeling, as he did, a sense of obligation inherent in business, he held to his program of supplying the best service in his power. He planned his business so that no sudden change in weather, no unexpected hot spell in midsummer, should find the American Ice Company unable to supply ice to all those that needed it. He built his plants not to a minimum capacity, but to a maximum. Without publicity, with, indeed, a request for the suppression of his name, he perfected arrangements for supplying free ice to those who needed it and could not pay—the ill and the needy of the poorer districts.

Little by little his competitors, too, learned that Oler intended to play fair.

"Good business men," he said, "are good neighbors. Success is not won by injuring one's competitors."

And he meant it. Did a competitor's barge run aground? Oler lent him another. Did a competitor's machine break down? Oler came to the rescue with assistance and even with a new machine.

"There is only one basis for business," he said; "a square deal with the public and a square deal with one's competitors."

Today Oler is sixty-seven years old. Tall, slender, gray of beard, with the face of a scholar and the eyes of an idealist, he smiles quietly as he talks of the changes that he has seen in the ice business. He has seen it develop from the days of its beginning. On opposite walls of his office hang two pictures, one an old engraving of a group of men harvesting ice from the Hudson River,

the other a photograph of a modern ice-plant. Those pictures, in his office, seem well placed, as if they typified the changes in the industry—the old and the new, with Oler himself between them.

But as he talks, good-humoredly, interestingly, he protests that his share has not been all-important.

"There have been others," he insists, "hundreds of them, who have helped just as I tried to. Executives, office men, and wagon drivers, they've all helped to make the ice business what it is today—a reputable mercantile enterprise, a fair business and not a fight."

But as I listen, I remember the words of one of his competitors.

"Oler? Well, he cleaned up the ice business."

### Tell Him Now

If with pleasure you are viewing any work a man is doing;

If you like him, or you love him, tell him now.

Don't withhold your approbation 'til the parson makes oration

And he lies with snowy lilies o'er his brow.

For no matter how you shout it, he won't really care about it;

He won't know how many teardrops you have shed;

If you think some praise is due him, now's the time to slip it to him—

For he cannot read his tombstone when he's dead.

More than fame and more than money is the comment kind and sunny.

And the hearty, warm approval of a friend.

For it gives to life a savor, and it makes you stronger, braver,

And it gives you heart and spirit to the end.

If he earns your praise—bestow it; if you like him—let him know it;

Let the words of true encouragement be said;

Do not wait 'til life is over and he's underneath the clover,

For he cannot read his tombstone when he's dead.

—Anonymous.

## Business Conditions

By HAROLD T. GATES  
(New York Office)

Inasmuch as the larger part of industry figures its profits and states its financial condition on a calendar year basis, the close of the first quarter of the year is an opportune time to confirm or disprove previous opinions as to the prosperity of the previous year. At the same time, a sufficient part of the new year has elapsed to furnish some indication as to the course of business during the current year. This article is based on data gathered from a number of different sources, including particularly the Monthly Review of the Federal Reserve Bank of New York, the March letter of the National City Bank and the "Commercial and Financial Chronicle.

### *Business Profits:*

Impressions as to the excellence of business profits during 1923 are fully confirmed by the financial reports pub-

lished up to date. In almost every instance, sales show an increase, and, in many cases, were the largest in the history of the reporting companies. Examination of financial statements indicates that a very large proportion of the resulting profits have been retained in the business; current assets have been increased and liabilities liquidated, placing industrial and trading concerns in a strong financial position. Although inventories are somewhat larger than last year, they do not appear to be unduly large.

The remarkable recovery of industry from the slump of 1920 is well illustrated in the accompanying tabulation of the profits of 122 concerns engaged in production, distribution, and public service, taken from the "Monthly Review" of the Federal Reserve Bank of New York:

(Net Profits in Millions of Dollars)

Group	No. of Corporations	1919	1920	1921	1922	1923
Steel and railroad equipment.....	11	111	149	40	50	150
Motor and accessories.....	15	116	78	*42	90	120
Oils.....	8	14	19	11	15	11
Food and food products.....	16	71	86	* 5	63	86
Clothing (inc. leather and textiles)	10	32	22	16	25	31
Tobacco.....	6	29	33	39	47	46
Miscellaneous industrials.....	31	73	70	30	61	86
Stores.....	12	59	12	*10	49	64
Total 8 groups.....	109	505	469	79	400	594
Telephone.....	70	77	82	107	126	136
Other public utilities.....	24	62	71	66	90	104
Total public utilities.....	94	139	153	173	216	240
Total 10 groups.....	203	644	622	252	616	834
Class I railroads.....	193	516	58	616	777	978

\*Deficit.



In every instance, with the exception of oils and tobacco, profits for 1923 far exceeded those of 1922 and with the additional exception of the clothing group, all previous years reported, including 1919, the previous banner year. Taken as a whole, the profits of the industrial group show rather smaller increases as compared with 1919 than that shown by the public utility and railway groups, but were nearly 50 per cent. larger than in 1922. Perhaps the most striking example of recovery accomplished by business during 1923, is that of the steel industry, the profits being 200 per cent. in excess of those of 1922 and slightly better than 1920, the previous record year. Motors and accessories also experienced a banner year, the \$120,000,000 net profit being in striking contrast to the \$42,000,000 deficit of two years previous.

#### *Production in Basic Industries:*

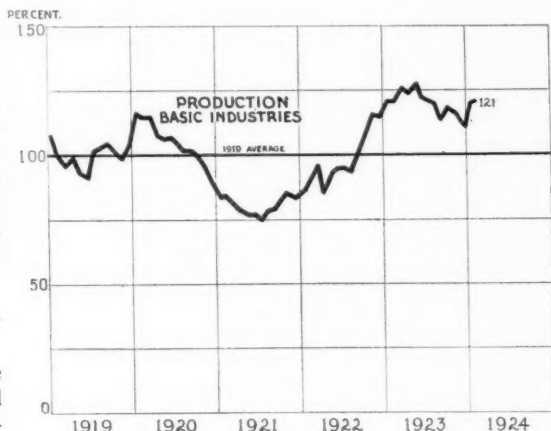
However, it should be kept in mind that annual income reports and financial statements represent history rather than business profits as they are. The tendency or trend of business could be better determined if it were possible to obtain monthly statements. As indicative of the trend of business we are reproducing herewith a chart\* published monthly by the Federal Reserve Board which presents in

graphic form production of basic commodities.

An examination of the chart indicates that the favorable business profits of 1923 were made notwithstanding the fact that the production of basic commodities exhibited a marked falling off during the last seven months of the year declining from 127 in May to 111 in December.

#### *Agriculture:*

While agriculture did not fare as well during 1923 as did the manufacturing



and trading industries, nevertheless further progress was made in the recovery from the depression which characterized the years 1920 and 1921. Generally speaking, prices of agricultural commodities advanced. Prices of wheat, however, fell and reached a lower level than during 1922. Livestock prices continued much out of line with crop prices in general and during the latter part of the year fell to a level below that of 1913. Due to the inability of the farmers to market, at a profit, crops and cattle raised on land purchased at peak

\* Reproduced by courtesy of the Federal Reserve Bank of New York. The commodities included are as follows: Iron and steel, textiles, food products, including wheat-flour, sugar, cattle, calves, sheep, hogs, lumber, bituminous and anthracite coal, copper and zinc, sole leather, newsprint, cement, petroleum, cigars, cigarettes and manufactured tobacco.

prices, many banks in the Northwest have closed their doors and as this is being written numerous legislative panaceas are being proposed for their relief.

#### *Commercial Failures:*

The prosperity of the past year is further indicated by the decline of commercial failures. During 1923 there were 18,718 failures involving liabilities of \$539,386,806, as against 23,676 with corresponding liabilities of \$623,896,251 in 1922. The ratio of commercial failures to the number of business concerns in the country was .94 per cent. which compares with 1.19 per cent. for the previous year.

### **Indications for 1924**

#### *Production in General:*

Further reference to the Federal Reserve Chart indicates a rather sharp increase in the production of basic commodities during the month of January and a slight increase in February. Following the downward movement which had been under way since May 1923, the increase of over 9 per cent. would seem to augur well for the present year. It is also encouraging to note that increases occurred in most of the industries and were particularly large in production of steel ingots, lumber, bituminous coal, automobiles, and in mill consumption of cotton. The production of steel ingots increased 756,000 tons, or 27 per cent., between December and January to the highest point since last August, while the daily average for March was 159,455 tons, exceeding all previous records. Since March, however, there has been a slight falling off, due to lack of forward buying. And there was also a small increase in the output of pig iron. Unfilled orders on the books of the Steel Corporation rose 353,000 tons and the industry entered March operating about 93 per cent. of capacity

for the Steel Corporation and an average of 85 to 86 per cent. for all producers. While there has been some falling off in orders for locomotives, car purchases, stimulated by shading of prices, ran up to nearly 30,000 cars during the month of February as compared with approximately 175,000 cars produced during the entire previous year. According to an estimate of the "Iron Age," about 30 per cent. of all steel purchases during 1924 has been for railroads. Export trade, particularly to Japan continues good, being stimulated by the renewal of emergency tariff legislation placing steel products for reconstruction on the free list.

However, as this is being written the weekly reviews state that steel prices average 85 to 89 lower than last year and that competition is growing sharper with consumers becoming increasingly careful about their buying.

#### *Automobile Industry:*

In the automobile industry, the output during the month of January was 316,000 passenger cars and trucks, an increase of 30 per cent. over January of last year. During February there was continued increase in production, as indicated by an output of 367,500 machines, or 33 per cent. more than February of last year. The total production for the two months was 50 per cent. above the computed line of growth shown by the industry for the last fifteen years. There is considerable difference of opinion as to how long this industry will be able to maintain its present pace and no doubt the current seasonal demand is being carefully felt out by the manufacturers in order that prompt measures may be taken to revise the ambitious production plans previously mapped out in case indications appear of overproduction. Recent declines in

prices of leading automobile stocks appear to confirm the opinion that overproduction is a possibility of the near future.

#### *Bituminous Coal:*

Bituminous coal production which had suffered from the mild weather took a remarkable spurt during the month of January, under threat of a strike, and exceeded any previous January on record. With the signing of the agreement between the United Mine Workers and the Central Competitive Field operators renewing the present wage scale for a period of three years there was a decline in production and easing off in prices. A review of the situation by the "Coal Trade Journal" comments upon the situation as follows:

"The edge is off production, price stability seems merely a question of finding rock bottom, and the spot market responds only feebly to seasonal changes in current demand. The truth of the matter is that conditions are normal for this time of the coal year, but it has been so long since the trade has experienced pre-war normal conditions that it is difficult to effect the necessary mental and physical readjustments."

#### *Building and Construction:*

Latest available data on building construction as reported by the F. W. Dodge Corporation indicate contracts let in 36 eastern states during March amounting to \$299,929,000. This represented a decrease as compared with January of 1 per cent. but an increase over February of last year of 7 per cent. Totals for the first two months of the year, \$601,880,600 show an increase of 15 per cent. over the corresponding period of last year. The increase is in a large part due to continued speculative residential building in New York City.

#### *Distribution and Marketing:*

Distribution of commodities, as indicated by the weekly reports of car loadings, continued at record-breaking pace up to the middle of March. Since then, however, due very largely to decrease in movement of coal, there has been a falling off as compared with the corresponding period of last year. It is probable that, following a year of unprecedented traffic, caused by a replenishment of merchants' stock, depleted by after-panic economies, the present year may fail to keep up the pace. However, the present year is still far in excess of 1922 and 1921. Following are the totals for the four weeks from March 22 to April 12, compared with the corresponding weeks for the past three years.

	1924	1923	1922	1921
April 12...	881,299	947,271	700,155	702,116
April 5...	862,096	896,375	706,013	694,881
March 29...	907,548	936,374	821,808	667,171
March 22...	908,651	916,818	837,241	686,567

Undoubtedly one of the factors which tends to prevent further decrease in distribution of commodities is the tendency to shade prices already mentioned in connection with the steel and iron industry. Shipments of cotton and textiles, wheat and corn continue weak, in spite of lower prices. In many respects, the present situation in the cotton goods trade is very similar to that of last year. During the Winter season, similarly to last year, there were fears expressed that stocks would be exhausted and a cotton famine would ensue. Prices rose sharply until they reached 33.30 cents a pound when buyers began holding off and speculators for the rise became discouraged and let go their holdings, resulting in a sharp decline in prices. As a result, many New England mills have curtailed their production.

*Wholesale Prices:*

Wholesale prices in general have, however, exhibited remarkable stability since the very rapid decline of 1921. As indicated by the wholesale price index of the Bureau of Labor Statistics, prices have remained in the neighborhood of 150 per cent in excess of the 1913 average since the middle of 1922, the index figure for January, 151, being but three per cent lower than a year ago. Prices of building materials which had been declining since early in 1923, increased in January, while prices of farm products, foods and clothing declined. During the first two weeks of February prices of hogs, sugar, hides, lumber and metals advanced while prices of cotton, wheat and silk declined.

*The Financial Situation:*

In the event that a reaction should occur, one of the most reassuring features should be that the financial position of our banks and of the Federal Reserve System is very strong. Unusually heavy offerings of call money during the latter half of March resulted in a decline in renewal rate to three per cent, the financial columns of the "Times" reporting a "huge surplus of funds available for all purposes." Outside trades were reported at two per cent., a rate unheard of since late in 1919. Savings deposits, both inside and outside of New York continue to show a healthy growth. The ratio of reserves to deposit and note liabilities reported by the Federal Reserve System stands at 81.6 per cent.

*Political Situation:*

Developments in domestic politics since the opening of the year have tended to becloud the situation rather than to clarify it. Notwithstanding a well-organized propaganda behind a seemingly scientific tax-bill, political

leaders in Congress have mangled it beyond recognition. "Oil" poured upon the waters by over-ambitious "investigators" has had a far from soothing effect. The "Wall Street Journal" reports the formation of an Investigation Agency by one of the former "star witnesses" of the investigation committee, the purpose of which is to obtain evidence for the investigators. All indications point toward a particularly bitter presidential campaign and the possible formation of a third party to further complicate the situation and add to the uncertainty.

The foreign situation at present appears more hopeful. The war on the franc has been definitely checked and the confidence of the French people restored by the prompt extension of a loan of \$100,000,000 by J. P. Morgan & Co. While it is not to be expected that the Germans will accept all the provisions of the Dawes report without debate, their reply will no doubt furnish a basis upon which further negotiations may proceed.

*Employment and Wages:*

The present labor situation is characterized by scarcity of strikes. The signing of a wage agreement covering a period of three years by the miners in the Central competitive district is evidence of the willingness of labor to be content with present conditions. During the latter part of 1923 there was a drop in industrial employment as indicated by the index published by the Bureau of Labor Statistics, a decline of 4 per cent, having occurred since April. Although general statistics do not appear to be available, an advance of one per cent. in employment in the State of New York is reported by Industrial Commissioner Bernard L. Shientag of the New York State Department of Labor.

The greatest decline was noted among establishments building and repairing railroad cars and locomotives. While wage changes were comparatively few, there being both advances and recessions, the total value of payrolls declined slightly more than the number employed, bring a slight reduction in per capita earnings. It is quite probable that statistics will show general improvement during the first quarter of the present year, but there appears to be little evidence of a repetition of the upward swing of a year ago.

#### *Securities Market:*

Stock prices during 1923 followed very closely the general trend of business conditions. During the first quarter, accompanying the greatly accelerated business conditions, stock prices were pushed upward, perhaps too far, with the result that the subsequent decline lasting for a period of about seven months was undoubtedly more abrupt than would otherwise have been the case. Contributing factors were the apprehension that the Federal Reserve Board was again about to apply the brakes, labor troubles at home, recurring crises abroad and a growing spirit of political unrest. The average decline of industrial shares during this period was thirty points. With the declaration of an extra dividend of one-fourth of one per cent. by the U. S. Steel Corporation toward the close of November, the situation suddenly changed. Further extra dividends followed until increased dividends had been paid in no less than fifty industrial corporations listed on the New York Stock Exchange. Influenced by prospects of tax reduction, possible defeat of the soldier bonus bills, and by the feeling that the approaching presidential election would see a continuance of the present regime, the year closed with stocks of all sorts having regained in

little more than a month, one-half the ground lost in the seven months of decline. This upward movement continued through the month of January, the average of fifty issues as reported by the "Times Annalist" reaching a high of 88. Throughout the months of February, March and up to date, prices have shaded off slightly and exhibit a tendency towards a sidewise movement in an evident attempt to properly forecast coming business conditions.

#### *Prospects for the Current Year:*

In a situation like the present one when conditions are "spotty," the stock market "marking time," politics in an uncertain state, presidential election approaching and yet with money conditions in excellent shape, a certificate as to the future must necessarily be qualified.

An analysis of present prosperity shows that it is due primarily to three causes. Activity in manufacture of automobiles, construction of railroad equipment and building and construction activity in general. There is hardly a business, large or small, which is not directly or indirectly influenced by prosperity in these lines. Construction of railroad locomotives has already slackened and it appears improbable that activity can be continued in the automobile and building industries throughout the current year. Any tendency to sag would be undoubtedly exaggerated by further political complications. It is safe to say, therefore that when, as, and if we have a reaction during the current year the contributing factors will be the sagging of activity in one or all of the above industries. One might even hazard the guess that when we do have a reaction, the contributing factors leading toward renewed activity will be the bettering of agricultural conditions and improvement in the foreign situation.

## Let the Lions Roar!

By "Bish"

New York Office

Time was when an accountant was depicted as an individual with a blue pencil and a worried look. But, alas! Accountancy, like the income tax, has of late been subjected to a marked change.

Just how radical this change has been may be readily gleaned from a letter recently received by a prominent firm of auditors stating in part as follows:

"I should like to secure information relative to accounting and inventory records for wild animals kept for sale and exhibition purposes."

Shades of Theodore Roosevelt and Buffalo Bill! An accountant, amongst other things, must now be an evaluator of wild animals. Notice that the request specifies that the animals must be *wild*.

Can it be that the profession is to be cited for bravery in the future and on such grounds lay claim to a niche in the hall of fame alongside of the fearless crusaders of yore and the more modern toreadors of the Latin races?

One hesitates to think the effect which a few large engagements of this character are bound to have on the coming generation of accountants, especially if one or more of the participants are devoured in part or in toto during the progress of an assignment.

Under such circumstances one can visualize the future youth casting aside his toy soldiers and battleships and pestering father for a pistol, a whip and a copy of Montgomery's "The Inventorying of Lions, Tigers, etc."

Furthermore, if a spirit of adventure is to be added to the already lucrative possibilities of the profession (as outlined in sundry accountancy school advertisements), one begins to develop grave fears for the inevitable decline in

army and navy recruiting. Why join the army if you can be an accountant and train wild animals?

As to the present practitioner, indications point to several revolutionary changes. The hackneyed "Fix up my bag, I'm going away" is doomed. Perfunctory partings heretofore enacted by married men about to leave on an out-of-town engagement will be entirely revised, wails of woe and tears of anxiety being the order of the day.

The soul stirring partings of the dark world war days are about to be reenacted. Picture an accountant about to sally forth on the annual inventory of Barnum's Circus, especially if the count that day is to be pumas and jaguars, directing the shipment of his trunks containing iron bars, pistols and such other paraphernalia as usually comprise the working equipment of an animal trainer, while the sad-eyed wife stands by imploring her husband to change his profession for one of less hazardous nature, such as steeplejack or aeronaut.

As there is little material on this subject in available accounting literature the following practical hint is brought to the attention of the readers of this publication.

From years of experience the accountant has learned that if a client is about to make a sale of certain products on the basis of values certified to by auditors he bends every effort to show these products in their most favorable light.

It is understood that the same procedure is followed in the case of an anticipated sale of wild animals, the theory being, the wilder the animals the

higher the value. Investigation along these lines has shown that for weeks before the auditor is called in to make his survey the animals are put on part rations and for the last few days are fed almost entirely on raw meat. It hardly seems necessary to state that this procedure is not conducive to fostering a congenial disposition on the part of the aforesaid animal.

The accountant should give consideration to this fact and wherever possible see to it that the animals are properly fed before the survey is commenced. When this procedure is not possible, arrangements should be made for one of the attendants to do the inspecting inside the cage whereas the accountant takes notes outside the cage.

There are a number of other safeguards which might be suggested to the accountant in connection with wild animal audits but experience has proved that in this class of audit, more so than in any other, the accountant can be relied upon to act expeditiously when his safety is imperiled.

Having shown an interest in this class of work, it will probably be just our luck to have Mr. Dumbrille call us in some day next week and in a perfunctory way say:

"Your next assignment will be at the Brown Terminal. They are bringing over a boat load of wild animals and our client wants a complete list of all the animals delivered at this end, detailed as to size, weight, demeanor, etc."

And right after we have said "Yes, sir" and started for the door he will doubtless add nonchalantly, "You might see that your insurance hasn't lapsed before you go."

If we do get the assignment and the shipment includes laughing hyenas, we only hope they will have nothing to laugh at before the work is completed.

### A Code of Business Ethics

Business integrity, efficient service, and sacredness of contracts are among the ideals stressed in a code of business ethics just formulated by a committee of the Chamber of Commerce of the United States, while business excesses of every nature, unfair competition and the use of the corporate form of organization as a subterfuge to escape moral or legal obligation are, on the other hand, condemned.

While some may question the effectiveness or the sufficiency of "resolutions" or "codes," nevertheless, the expression of ideals in such form indicates a realization that existing practices may be improved and at the same time represents an attempt to put forward concrete suggestions for the improvement of the condition.

Coming from so representative a body of business men, the following code, which will be submitted to the convention of the Chamber at Cleveland on May 6th is of especial interest:

"The foundation of business is confidence, which springs from integrity, fair dealing, efficient service and mutual benefit.

"The reward of business for service rendered is a fair profit, plus a safe reserve, commensurate with risks involved and foresight exercised.

"Equitable consideration is due in business alike to capital, management, employees and the public.

#### KNOWLEDGE ESSENTIAL TO SERVICE

"Knowledge—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public.

"Permanency and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased.

"Obligations to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment, and increasing the efficiency and opportunities of individual employees.

"Contracts and undertakings, written or oral, are to be performed in letter and in spirit.

(Continued on page 24)



## The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. and Montgomery, for free distribution to members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of cooperation and interest and to help in the solution of common problems.

### PARTNERS

WILLIAM M. LYBRAND	New York
T. EDWARD ROSS	Philadelphia
ADAM A. ROSS	Philadelphia
ROBERT H. MONTGOMERY	New York
JOSEPH M. PUGH	Philadelphia
WALTER A. STAUB	New York
H. H. DUMBRILLE	New York
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WALTER S. GEE	New York
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### OFFICES

NEW YORK	110 William Street
PHILADELPHIA	Morris Building
CHICAGO	Harris Trust Building
BOSTON	261 Franklin Street
PITTSBURGH	Union Bank Building
DETROIT	Book Building
CLEVELAND	Union Trust Building
CINCINNATI	414 Walnut Street
WASHINGTON	Union Trust Building
SAN FRANCISCO	2 Pine Street
LOS ANGELES	935 Valencia Street
SEATTLE	L. C. Smith Building
BALTIMORE	Citizens Bank Building

### ELIJAH WATT SELLS

It is with sincere sorrow that the JOURNAL notes the death on March 19th of Elijah Watt Sells, senior partner of the firm of Haskins and Sells.

Mr. Sells, the son of Elijah Sells and Isabel Watt Sells, was born in Muscatine, Iowa, March 1st, 1858. His early education was received in the public

schools of Des Moines, Iowa, and at Baker University, Baldwin, Kansas.

Following in the footsteps of his father, who was at various times Secretary of State for Iowa and Auditor of the Treasury Department under President Lincoln, Mr. Sells chose accounting as his life work. His early experience was gained in connection with various railroad lines as general bookkeeper and traveling auditor. He subsequently was cashier, paymaster, assistant comptroller and secretary and auditor of various lines.

Summoned to Washington during the second administration of President Cleveland to effect, under the auspices of a Joint Commission of the Fifty-third Congress, a revision of the accounting system of the United States Government, it would have been impossible for him to have foretold at the time the far-reaching consequences upon his own life and upon the accounting profession of his meeting at that time and of his association with the late Charles Waldo Haskins. The meeting, the collaboration, the mutual friendship and business relationship arising from their selection for this important undertaking has been well expressed by the biographer of Mr. Haskins in language that is at once beautiful and simple:

Two rivers, rising far apart, one flowing from the east and the other from the west, may meet and unite their waters and ever after move as a single mighty stream toward the open sea. Something analogous to this sometimes happens in the lives of human beings. Two men of strong individuality and of differing characteristics, each unaware even of the existence of the other, may, by what we call chance, meet, unite in the bonds of friendship, and work together toward the accomplishment of a common purpose, the attainment of the same ideals.

It was but natural that, at the completion of their labors for the government, these two men, so well fitted both by character and by attainments, should continue their relationship through the

formation of a partnership to engage in public accounting work.

Although the wonderful bond of mutual understanding and regard between these pioneers in the field of accountancy was suddenly sundered in 1903 by the death of Mr. Haskins, the broad principles of fine ethics expressing the ideals and vision of both of the partners led the firm forward into wider fields of usefulness and achievement under the guiding hand of Mr. Sells, the surviving partner.

As an author, as President of the American Association of Public Accountants (now the American Institute) and as one of the founders of the New York University School of Commerce, Accounts and Finance, Elijah Watt Sells leaves as a monument to himself and to the pioneers of his profession, a record possible only to those fortunate ones who, while struggling with the present, have the imagination and vision to build for the future.

The friendship existing between the members of the firm of Lybrand, Ross Brothers and Montgomery and Mr. Sells personally, as well as the cordial relationship between our staff and that of the organization which he so ably headed, has but served to intensify our sorrow and feeling of personal loss. Lybrand, Ross Brothers and Montgomery desires to extend sincere and heartfelt sympathy to the firm of Haskins and Sells and to the members of the bereaved family.

### **Baltimore Office**

The firm opened an office in Baltimore on April First, taking a convenient and attractive suite of rooms on the fifteenth floor of the new Citizens' National Bank Building, Redwood and Light Streets.

Mr. Frank E. Hare, C. P. A., a member of the Philadelphia office staff since

1909 will be in charge upon his return from his wedding journey via the Canal to the Pacific Coast.

Mr. Hare and his work are well known in many of our offices. His experience has been thorough and varied, including practically every variety of audit work, special investigations, municipal accounts, court work, costs and bankers' investigation. His work in income tax cases of first-class importance and his detailed knowledge of the law and its application to particular cases has been of the greatest value to the firm and to its clients. He makes friends quickly and we have every confidence in his administration of the new office. Mr. Adam Ross and other partners expect to spend some time regularly in Baltimore where the firm has many old friends.

### **Defeating the Law of Inertia**

Perhaps the majority of us are slaves to precedent. That which is, is sacred. One can well believe that the seeming aimless meandering of some of our downtown New York streets is due to the fact that they were originally cowpaths. Thoroughfares thus established have been perpetuated through inertia of the human mind, through worship of precedent—the following of the line of least resistance.

It is refreshing and stimulating, then, to read of a successful career obtained through direct break with established custom. Such a course must, of necessity, be based upon courage of conviction. Furthermore, one pursuing such a course will rise or fall according to the soundness or otherwise of his convictions.

Both these essentials would appear to have formed the basis of the success of Wesley M. Oler, who "was born into the ice business," grew up with the business

*(Continued on page 24)*

## Office Notes

### BOSTON

F. C. Thompson, who recently underwent an operation at Phillips House, has recovered sufficiently to be enabled to return home. It will be several weeks, however, before he returns to the office.

\* \* \*

Mr. Keller thinks extremely well of his ability at squash racquets, and has issued a challenge to all members of the L. R. B. & M. organization. He will take on all comers at any time and at any place.

\* \* \*

On April 25 Mr. and Mrs. Sweet celebrate their first wedding anniversary.

\* \* \*

G. S. Adams and C. B. Bentley have been lured from us and are now with clients.

\* \* \*

After being on an out-of-town assignment all winter, O. C. Buchanan has returned with a fund of new stories.

Many of our present assignments are at a distance and, as many of the men put in an appearance but twice a month, the office has a deserted appearance.

\* \* \*

A sugar job in Cuba was recently unearthed by Mr. Keller, but as he could not find a man in this office sweet enough for the job he turned it over to the New York office.

\* \* \*

C. T. Keller left Boston Sunday, April 13, to accompany Mr. Lybrand on a visit to the Cleveland and Detroit offices.

### CHICAGO

*Dear Mr. Editor:*

I wish to explain in the beginning that if this small gust from the Windy City is

late it is because the resident partner here insists that I send the notes into the office so that certain changes can be made in the spelling. While the resident partner here is progressive and liberal minded in most things he has a most annoying obsession in wanting all words spelled the same way that Noah Webster spelled them years ago.

Personally I cannot see how we are to make any progress if one must stay continually in a rut and do things in a certain way just because our forebears did them thus and so. But every one has his eccentricities so please do not blame me.

The most important item of news to be reported at this time is that we are to move our studio where we have been since 1913 to the new Illinois Merchants Bank Building at the Northeast corner of Jackson Boulevard and La Salle Street. This is one of the largest office buildings in the world and faces the Federal Reserve Bank and the Chicago Board of Trade.

The new office is being laid out with great travail by one of the foremost indoor golf putters in the country, Mr. Homer L. Miller, who was working on the 57th variety when I left town.

Another item of paramount importance was the delightful sea food dinner given by Miss Margaret Casey in behalf of the firm on Friday, March 28th, at the College Inn. Only the young ladies of the office were invited. While I cannot vouch for its truth I understand that some elderly gentleman became so enamored with Miss Casey's beauty that he invited her to the theatre and was willing to tolerate the other eighteen girls and take them along. Really a most colossal admiration. At one time in France I escorted a young lady to a

party in company with her mother, her grandmere and two elderly aunts. Three is said to be a superfluity, nineteen must be true love.

All of Frank Kalteux's friends will be glad to hear that he dropped in the office last week to make a few telephone calls and get his pay cheque. Frank reports the ice all melted now and says he plans to take on a swimming team this summer as his work is at present too seasonal in character.

Merit will win in the long run. Due to Lloyd Larson's long experience with crime and criminals he has lately been appointed deputy sheriff of this law abiding county of Cook. During the late war Mr. Larson was a member of the United States Secret Service Department and made an excellent record. His knowledge of several languages will assist him in working among the foreign element and his spats and waxed mustache should give him entree into the most exclusive circles of society. We feel that crime is now on the wane.

You can see from this letterhead that I have had a change of venue since my last outburst. The items are consequently gathered on the run but I hope they will satisfy you pro tem.

Yours very truly,

CHICAGO'S FOREIGN CORRESPONDENT.\*

\*Written from the Indianapolis Athletic Club, Indianapolis.

#### DETROIT

The gluttonous waste-basket of the editor is on the verge of apoplexy from cramping with the hopeful flowers of thought emanating from this office months ago—long before the welcome addition of San Francisco as an eligible JOURNAL contributor.

And on top of all this we received the following word from the editor:

"Strange to relate, the most distant office, to wit, San Francisco, has gotten its notes in first."

The staff was very much startled the other day when, immediately after a heavy rain pour, the usually well-groomed figure of Mr. Aughe appeared with the entire right side of his overcoat and also his face encrusted with a heavy coating of mud. The wide smile on his face quickly allayed our fears, and all apprehension was entirely dissipated when he joyfully stated:

"I have been down to the golf course and I heard three distinct ticks of the grass in an hour and a half."

\*\*\*

An "assist" from Boston:

Judge Frank Murphy, another member of the Board, got a "fast one" when he asked the accountant a seemingly innocent question regarding depreciation.

"That comes under the rule of 'anticipatable obsolescence'," Gibson answered glibly.

"Oh, yes, I see," said Murphy.

\*\*\*

Some apprehension has been expressed of an inquiry by the Committee of the Senate into the affairs of the staff to ascertain the truth of a rumor that practically the entire April bonus has been grafted into the pockets of Detroit's most fashionable tailors, dressmakers and milliners.

\*\*\*

The faithful readers of the JOURNAL in this office have not failed to note that other offices, particularly Chicago and Boston, despairing of forcing their way into print otherwise, have prevailed upon their respective chiefs to prepare autobiographies which the editor could not refuse to grant first page publicity. The above serves fair warning upon the editor that the Detroit office may be driven to a similar step.

\*\*\*

The Chicago office very kindly extended an invitation to Miss Perkins and Miss Boylan to attend their theatre party on March 28, and needless to say

the invitation was gratefully accepted. Miss Boylan's interesting description of the trip follows:

#### A TRIP TO THE WINDY CITY

Neither of us had visited Chicago before, although we had heard of it as a breezy place across Lake Michigan, and we looked forward to the trip with great delight. We were not at all disappointed when we finally arrived, and indeed enjoyed every minute of our stay.

We found Chicago itself quite a large and busy city, comparing favorably with Detroit in this respect. During the course of a somewhat limited shopping tour we found ourselves on the "busiest corner in the world." Manifestly, the person who applied that term had never been hit by an automobile at Woodward and State.

We visited the office Friday morning and were thoroughly charmed by our reception, Miss Casey presenting us to all the staff. The afternoon was spent in visiting Marshall Field's and generally "taking in" the "Loop." In the evening we all had dinner at the College Inn, the manager giving us special permission to dance with one another. It seems that in Chicago ladies are required to dance with gentlemen in the absence of special permission. Mr. Henderson had also made a suggestion which we lost no time in following, and on the whole, we had a most wonderful time.

Dinner was followed by a visit to the Selwyn Theatre, where the Duncan Sisters were playing in "Eva and Topsy." This is a most enjoyable play and we recommend it to all who have not yet seen it. When we arrived at our hotel, Miss Perkins and I voted it the end of a wonderful day.

Saturday found us again ready for action at the very early hour (?) of 11:00 A. M. After another visit to

Marshall Field's (it seems we couldn't resist the fascination of that store) we met Miss Casey for lunch, and later, under her guidance, had the pleasure of touring the North Side. We heartily agree with Mr. Henderson that Chicago has some very fine parks and boulevards, and also some fine hotels, the Edgewater Beach Hotel being, in our opinion, a most ideal place.

Nothing was overlooked in the matter of providing entertainment for us, tickets having been procured in the evening for "Give and Take." We specially enjoyed this play.

Sunday morning found us back in Detroit with our very-much-looked-forward-to treat behind us.

The weather was not very kind to us; Chicago lived up to its reputation of being "The Windy City" and added a few hail and other kinds of storms to its make-up for our benefit, but this did not spoil the effect one bit, and certainly did not prevent us from having a most enjoyable time.

#### NEW YORK

The JOURNAL takes great pleasure in announcing that since the last issue went to press Miss Evelyn Kissinger, the charming secretary to Colonel Montgomery, and Edwin M. Bush, assistant to the editor of the JOURNAL, have been respectably married.

Now the sub to the aforesaid assistant to the editor, who has been forced to "pinch hit" during the absence of the above-mentioned "Babe Ruth" of our staff, wields a rather "wicked" typewriter at times and inasmuch as he holds a grudge at both of the afore-mentioned principals he is tempted to allow the above announcement to stand "as is." In the first place, the sub to the assistant editor was given to understand that all that was necessary in order that the first

assistant might be well-sped upon the avenues of connubial bliss would be for him to "make up a dummy" for one issue of our esteemed publication. To his astonishment he finds that he has been thrown into the midst of getting out the long-promised "Twenty-fifth Anniversary Number" as well as an additional regular issue. He also feels that Miss Kissinger, despite all previous protestations of friendship, took an unfair advantage of him when she escaped from the office "amid showers of confetti and rice" while he was absent upon an assignment.

Guided by the spirit of revenge we feel that we could, sub-assistant editorially speaking, allow the above announcement to stand and leave its unsuspecting victims to suffer the consequences. For, we have told the truth and nothing but the truth; but, ah! here's the rub! Following the incontrovertible policy of our beloved JOURNAL, we must print the **WHOLE TRUTH!**

Edwin M. Bush and Miss Evelyn Kissinger were not only *respectably* but *respectively* married.

Sordid details are appended in the following schedule:

	<i>Miss Kissinger</i>	<i>Mr. Bush</i>
Time	April 3d	March 28th
Place	Grace Church, Brooklyn Heights	First Presbyterian, New York
Costume	Charming	Yes
Liability		
assumed	?	Miss Ida E. Meigs
Asset		
acquired	Mr. James A. Vassar ?	
At home	Grace Courts, Brooklyn	Flatbush, Brooklyn

\* \* \*

Recent observation about the office provokes us to paraphrase a familiar quotation as follows:

"Let me have the hair-bobbing concession for the New York office and I care not who makes up its tax returns."

The following inquiry is referred to our statisticians for consideration and reply:

If chewing gum is indestructible, as claimed, what has become of the 42,582,396 tons of this product produced by Messrs. Wrigley, Adams, *et al.*, for the past decade, due allowance being made for the 3,897,318 tons thereof distributed throughout various halls of Federal buildings, waiting rooms of railroad stations, attached to desks, chairs, etc.?

\* \* \*

The following poem written by the embryo Ella Wheeler Wilcox of the Report Department was inspired by the fact that Miss Margaret Burr, the former genial head of this department, recently left us for a life of connubial bliss with Mr. H. Van Zoeren, of Easton, Pa.

#### Ode to a Burr

Out to Easton, Pennsylvania,

Where the skies are ever blue,

A little *burr* has traveled

Since her working days are thru.

No more troubles does she carry,

No more folders does she bind,

No more bells for her to answer;

She has left them far behind.

What more natural in the Autumn

When the leaves by winds were borne,

For the burr to be transplanted

To the garden of Van Zoeren.

*Lois MacLean.*

#### No Par Value Stock Award of Prize

The April number of the JOURNAL OF ACCOUNTANCY carries the interesting announcement of the award of the prize of \$1,000 offered by the American Institute Foundation for the best paper submitted on the subject:

The principles which should govern the determination of capital and the amounts available for distribution of dividends in the case of corporations, with special reference to the system of capital stocks without a par value.

Mr. S. Gundelfinger, writing under the nom de plume Francis Parker Elliott, was awarded the first prize, while Charles B. Couchman, under the nom de plume 7654321, was the winner of the prize for the best paper submitted by a member of the American Institute.

Inasmuch as the subject is one upon which little has been written by accountants and lawyers, and as many of us have been looking for additional light, we await with interest the publication of the winning theses and of any additional treatises on the subject which the JOURNAL OF ACCOUNTANCY may present.

\* \* \*

#### Query: Did "Bish" break up the show?

An especially "rotten" vaudeville team was trying to draw a laugh from an inappreciative audience in a Washington Heights theatre one night.

After cracking several chestnuts the male member of the team said to his partner:

"Lots of people think Mah-Jongg was discovered in China, but they're wrong. It was discovered right here in the United States."

"Who discovered it?" queried the foil of his wit.

"Stonewall Jackson. Don't you remember that old story about him when he took a Southern town and the old woman refused to take down the Confederate flag? He said to his men who aimed their muskets at her"—

*Just at this moment a tall, broad-shouldered man in the audience got to his feet.\**

"Yes, I know," he said in a bored voice. "He said, 'He dies like a dog who harms one hair on yon gray head—Mah-Jongg!' I've heard that sixty-seven times by actual count and I'm not going to listen to it again!"

With that he stamped out of the theatre amid a spontaneous burst of applause, the first since the team had started its act.

—N. Y. World

\*He answers the description.

\* \* \*

#### Commendation

One of the trustees of a large estate, which had an important and difficult problem at issue with the Treasury Department, writes as follows upon a satisfactory conclusion having been reached:

Please accept my sincere thanks for the efficient work your firm has done in the Income Tax matter.

I hope we will have no further mix-ups with the Treasury; but if we do I shall certainly go to you for assistance.

\* \* \*

Mr. Staub says the writer of the New York Office notes will hereafter have to leave his name out of the notes, because the said writer is setting too strenuous a pace for him by posing him as the hero of Longfellow's verse which was quoted on page 20 of the March issue of the JOURNAL. Mr. Staub says that in the first place he is sure Mr. Longfellow never heard about the night work which he has done on rush engagements, and in the next place there are too many men posing as "great" these days (in Washington and perhaps elsewhere) who turn out to be only "near great" for him to take a chance of being put in the same class. Those who know Mr. Staub best also know that his modest nature must have squirmed when he saw in cold print something complimentary to him which might have been construed to have received his approval before being published in the JOURNAL.

\* \* \*

"Joe" Hall breezed into the office recently, just long enough to "swap" stories and say good-bye. Joe has permanently attached himself to the "Sunny South" and is now officially entitled to be addressed as "Comptroller," Ware Shoals Manufacturing Company, Ware Shoals, S. C.

The JOURNAL extends its sincere good wishes for his continued success.

\* \* \*

John White reports an additional exemption on his income tax return for the present year. It's a boy! The score now stands: boys 2, girls 1.



### SAN FRANCISCO The Truth About Our Climate

The following paragraphs, which appeared recently in a Los Angeles newspaper, while not referring particularly to San Francisco climate, may explain why statements made by enthusiastic California boosters, which appear to be contradicted by observed facts at times, are really the truth and nothing but the truth—but, perhaps, not the whole truth:

Those who are fond of talking about California climate or California scenery should consider the following specific details before trying to sum up the whole matter in one sentence.

California has more kinds of weather and more variety of scenery than any State in the Union. The hottest temperature ever recorded in the world was in Death Valley when the mercury once rose to 134 degrees in the shade. On the other hand, at Bodie it once fell to 36 below zero.

The heaviest snowfall in the United States took place in Alpine County when, during the winter of 1906-07 over seventy-three feet fell. In contrast at Bagdad, San Bernardino County, more than two years have passed with no rain and it holds the record for sunshine.

There is no such thing as a rainfall table for all California. Inyo County has the least moisture, with an average of 1.76 inches annually. In Del Norte County the 1909 season brought a precipitation of 153.54 inches. The heaviest rainfall on record was 11½ inches in 11.3 hours at Campo, San Diego County, on August 12, 1891.

The deserts and mountains of California register the greatest extremes of heat and cold and the coast the smallest daily range. San Francisco and San Diego have the most even all-the-year temperatures in America. Point Reyes is the windiest spot near sea level.

California scenery is just as various and diversified as its climate. It contains the highest and lowest elevations in the United States proper. It grows the biggest trees and the largest acreage of small scrub forest. It has some of the most densely wooded jungles and the baldest deserts. And it jumps from one kind of scenery to another with bewildering inconsistency.

To describe the climate and scenery of California calls for plurals, not singulars—and lots of plurals, at that!

One of our clients engaged in the quicksilver mining industry in a letter marked for the attention of Mr. Robert Buchanan, referred to income tax services

recently rendered by us in the following words:

We wish to congratulate you on the showing made, which appears to us not only logical but convincing.

Quicksilver, you will recall, is the stuff that is put on the backs of mirrors so that we may see ourselves as others see us.

\* \* \*

Cogswell Polytechnical College, which is located in San Francisco, celebrated its 36th Founders Day on March 21st. Cogswell has been our client for many years. This year they requested a speaker from this office for their Founders' Day program. Mr. C. L. Queen consented to appear and took the subject "The Liabilities of an Education."

The following letter has been received from Mr. George B. Miller, President:

"I wish to thank you most cordially for loaning us your Mr. Queen on the occasion of our Student Assembly on March twenty-first. The talk delivered by Mr. Queen to our students at that time was fully interesting, thoroughly appropriate and very much appreciated by the members of our teaching force and our students.

I would be glad to have you extend our thanks and appreciation to Mr. Queen.

The following is an extract from a letter received from one of the clients of this office, referring to our recent audit of their accounts. The letter is dated March 20th and is signed by Mr. A. A. Hart, Secretary:

"The writer wishes to thank Klink, Bean & Company and their very competent auditor Mr. Kork for the careful consideration and advice given us.

As soon as possible we wish to take up with you the matter of incorporating and simplifying our bookkeeping system."

We may remark that in passing that we all think highly of Louis Kork in this office. Some of us can recall the time when Louis entered the service of the firm several years ago in the capacity of office boy. Study and hard work have brought him well deserved advancement to his present position.

### Being Single Has Its Disadvantages

We recently sent out a letter to our clients inviting their attention to the fact that the Treasury Department has amended Article 31, Regulations 62 to permit husband and wife domiciled in California to report income from Community property in separate returns, thus resulting in a reduction of the tax otherwise payable in many cases.

A good friend and client of the firm in Sacramento, California, returned his letter with the following apt comment:

"Being an old bachelor, I cannot see where this is of any interest to me."

### WASHINGTON

The month of March has been a very busy one for the Washington office, and judging by the number of conferences set for April, the Treasury Department has made that month sacred to Lybrand, Ross Bros. & Montgomery. Incidentally we have been seeing evidence of increased activities by our San Francisco office in the tax field, and Mr. Haynes has been very busy the past few days with Mr. D'Arcy, and Mr. Neylan, representing one of the clients of that office.

\*\*\*

The Committee on Appeals and Review has again sent a special committee to the field, to hear tax cases on the Pacific Coast, and Mr. Hamel, the Chairman, has gone to Kansas City to get the work of the Committee started. From Kansas City they move on to St. Paul and from there to San Francisco.

\*\*\*

Mr. and Mrs. Lybrand have spent a good deal of time in Washington this winter, and the Washington office almost feels that it can boast of a resident partner.

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The real news from the Washington office is that we plan to move the Wash-

ington office from its present home in the Union Trust Building to a new office building called the Investment Building. This building is located about two blocks from the Union Trust Building, and is now in process of erection, and expected to be ready for occupancy about July 1st. We feel sure that many of our regular visitors from other offices will be enthusiastic about the fact that this will mean that we will have more space and will not have to pack them in quite as closely. Our stenographic force are particularly enthusiastic, as they have been working in dark corners and have had to suspend operations frequently on days when we have had extra visitors from out of town.

### PHILADELPHIA

In a recent issue of the *Public Ledger*, "Girard," the columnist of that newspaper, made a most interesting series of observations on the changes which had taken place in Philadelphia's financial world during the lifetime of Mr. George A. Huhn, who has retired after fifty-four years of membership in the Philadelphia Stock Exchange. Because of the interest "Girard's" article is sure to have, not only for the members of our Philadelphia staff, but of those at our other offices who have gone out from the Philadelphia office or who may have other contacts with "our city," we reproduce the article below.

Retirement of George A. Huhn will remove from the Philadelphia Stock Exchange its Grand Old Man.

Not that Mr. Huhn appears old, although a great-grandfather.

A broker for fifty-four years and for much of that time one of the outstanding leaders is a Homeric record.

The whirlwind of Black Friday had just passed when Mr. Huhn in 1870 bought his seat on the Philadelphia Stock Exchange.

Jay Gould in New York and Jay Cooke in Philadelphia were then the most conspicuous financial men in America.

Not a corporation in the United States had as much as \$100,000,000 of capital stock.

Jay Cooke's liabilities in 1873 were less than \$8,000,000.

I heard Mr. Huhn say he had at one time in his career borrowed nearly four times that sum to swing his immense Stock Exchange business.

Gas jets lighted the little board rooms when Mr. Huhn began his stock market career.

There was not one electric light in the world. He was quite a veteran before Thomas Cornish put in Philadelphia its first telephone.

City Hall foundation had not been dug. The Post Office had not been started or even authorized.

Broad Street Station was more than a decade in the future.

John Welsh and other patriotic folks were talking about a Centennial to be held in 1876.

Among the robust young actors who regularly played in Philadelphia were Joe Jefferson and Edwin Booth. John Drew had not yet made his real debut on the stage.

About six stories made the tallest building, horses drew the street cars, while the humorists pictured in their dreams horseless carriages, as poets wrote funny pieces about "Darius Green and His Flying Machine."

So George Huhn has seen financial America develop with a whoop.

Not only seen it, but taken a most active part.

I presume he has, as a broker, handled as many shares of stock as any other individual who ever lived in Philadelphia.

In the days when William H. Kemble, P. A. B. Widener and William L. Elkins formed the world-famous Traction Triumvirate, Mr. Huhn was their trusted broker.

With Thomas Dolan, who joined it a little later, that group cut much the widest swath in stock market affairs of any who ever operated in Philadelphia. They were the real insiders in America's biggest street railway systems.

All became extremely rich men, although Kemble died long before the others and before they had amassed those fortunes which rank among the largest known in this city.

Were he so disposed, Mr. Huhn could write a book filled with incidents, some thrilling and many dramatic, of the stock market.

He could tell from personal knowledge how a poker game at St. Louis was stopped in early morning while Senator Quay consulted Senator Mark Hanna about the gold plank in the national platform.

And a sequel would be Quay's return to the game with the magic message, "Gold," and then a second message to Philadelphia to buy at the opening of the market 25,000 shares of stock.

I have heard Mr. Huhn characterize Quay as the worst and P. A. B. Widener as the best poker player he knew.

The whole business scheme in the United States has changed during the period George A. Huhn has been an active broker.

"Trust" was a corporate term unknown when he began.

America was in the position of some European countries today—specie payments suspended. The new national banks were fast replacing the "wild cats" and brokers found it unnecessary to keep on their desks a quotation for "wild cat" bank money.

"Bloody shirt" was a political term of deep meaning. "Rebel Brigadiers" another.

Greenbackers were talking as violently as the La Follettes today and offering their quack remedies for a warsick land.

But these and other severe times Mr. Huhn passed through. And none feels more quickly than a firm of brokers the swaying winds of radicalism, panics, wars and eras of prosperity.

The first day Mr. Huhn bought or sold a share of stock, a slender clear-eyed youth was making himself useful to a leading firm of bankers.

It was Edward T. Statesbury, of Drexel's Philadelphia's foremost railroaders included J. Edgar Thomson, Thomas A. Scott and Franklin B. Gowen.

Here and there I see a veteran banker who was "in the street" when Huhn made his entry.

Adam Stull is one, Samuel S. Sharp another and George Stevenson, long since retired from active business, a third.

Richard T. McCarter, for years president of a trust company, and who was once employed by Jay Gould, is a fourth.

C. Sturat Patterson, still president of a \$50,000,000 bank, has likewise witnessed during his financial life these remarkable changes.

One day I sat in his office and talked with a veteran financier of that class.

"Were the old days better?" I asked.

"In hardly one respect so good as you now see them," was his cheerful response.

"Every invention," he went on, "has helped to expand our financial prestige. A man who can command stenographers, typewriters, dictaphones, telephones, radio and automobiles can do in a day four times as much as any man did in 1870."

Halting a moment to say a couple of words in answer to a phone call, he resumed:

"That was from Chicago. I did, as you see, in one minute, what would have taken more than two days when I was a boy."

There was something fine in the old banker's look as he concluded:

"Only cowards are pessimists today."

## A Code of Business Ethics

(Continued from page 13)

Changed conditions do not justify their cancellation without mutual consent.

"Representation of goods and services should be truthfully made and scrupulously fulfilled.

"Waste in any form—of capital, labor, services, materials of natural resources—is intolerable and constant effort will be made toward its elimination.

### EXCESS CONDEMNED

"Excesses of every nature—the inflation of credit overexpansion, overbuying, overstimulation of sales—which create artificial conditions and produce crises and depression are condemned.

"Unfair competition, embracing all acts characterized by bad faith, deception, fraud or oppression, including commercial bribery, is wasteful, despicable and a public wrong. Business will rely for its success on the excellence of its own service.

"Controversy will, where possible, be adjusted by voluntary agreement or impartial arbitration.

"Corporate forms do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves.

"Lawful co-operation among business men and useful business organizations in support of these principles of business conduct is commended.

"Business should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence."

## Defeating the Law of Inertia

(Continued from page 15)

and, therefore, was possessed of the requisite background for the formation of sound convictions. All the more credit is due Mr. Oler, however, because, although exposed from early youth to a certain business environment, he was, nevertheless, able so to adjust himself as to obtain the proper perspective of the future of the business in which he was engaged.

In the belief that the members of our staff and our friends are interested in the stories of those who have been successful in their chosen lines of endeavor, and especially in the history of the accomplishments of those with whom our firm has professional relations, the JOURNAL is reprinting, with the per-

mission of the *Business* magazine, the story of "A Bush-Leaguer from Baltimore." We consider it a privilege to have been in contact with Mr. Oler for a number of years past because of his presidency of the American Ice Co., one of our esteemed clients.

## New York Adopts Uniform Systems of Accounts for Gas and Electrical Corporations

Of interest and importance to accountants is the announcement of the adoption by the Public Service Commission of the State of New York, of the National Classification of Accounts for gas and electrical companies, respectively.

These new uniform classifications were prepared by the National Association of Railway and Utilities Commissioners in collaboration with the accounting committees of the National Electric Light Association and the American Gas Association. They are now prescribed by the State of New York for all gas and electric corporations having operating revenues in excess of \$10,000 per year, effective July 1, 1924, superseding the Uniform System of Accounts adopted by the Public Service Commissions of the First and Second districts in 1908.

While New York has been rather tardy in taking this forward step, it being the twenty-first state to act favorably, the opposition to its adoption has given opportunity for long and careful consideration of the whole subject.

It is hoped that the adoption of this classification will make for "simplicity, clarity and uniformity" in public utility management and accounting throughout the United States.

Copies of the new classification are now available and may be obtained, at a cost of thirty-five cents each, from the Public Service Commission of the State of New York at Albany.

